



OFFICE OF AUDIT & COMPLIANCE

## THE UNIVERSITY OF TEXAS AT DALLAS

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October 25, 2012

Dr. Daniel:

We have completed an audit of *Medical Documentation and Limitation of Liability Waivers*, a high-risk area under the university's compliance program. The detailed report is attached for your review. The objective of this audit was to determine if this medical billing compliance program is functioning as intended. The scope of our audit was fiscal year 2011.

We concluded that, in general, the medical documentation and limitation of liability waiver compliance program is operating effectively. The audit resulted in no recommendations considered **significant** to University operations. Although compliance for this high-risk area is generally effective, we noted two areas where improvements could be made regarding the Risk Assessment and Monitoring Plans and training documentation.

Management has reviewed the recommendations and has provided responses and anticipated implementation dates. Please let me know if you have any questions or comments resulting from this audit.

Toni Messer  
Executive Director of Audit and Compliance

*The University of Texas at Dallas*

Dr. Bert Moore, Dean of the School of Behavioral and Brain Sciences  
Dr. Thomas Campbell, Executive Director of the Callier Center  
Ms. Judith Lewis, Callier Center Business Manager

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## Executive Summary

<p><b>Medical Documentation and Limitation of Liability Waiver</b></p> <p>Audit Report No. 1306          Audit No. 11-19</p>	<p><b>Responsible Party:</b></p> <ul style="list-style-type: none"> <li>• Dr. Thomas Campbell, Executive Director of the Callier Center</li> </ul>	<p><b>Auditors Assigned:</b></p> <ul style="list-style-type: none"> <li>• Jennifer Mayes, CIA, CFE, Audit Manager, In-Charge Auditor</li> </ul>
<p><b>Audit Objective:</b> The objective of this audit was to determine if the medical billing compliance program is functioning as intended.</p>		
<p><b>Summary of Audit Recommendations:</b></p> <p>(1) <u>Complete RAMP Updates</u> - We recommend that the responsible person ensure that updates to the Risk Assessment and Monitoring Plan (RAMP) are timely and complete. These updates should always include the consideration of new laws or requirements that may have developed during the year related to the risk area.</p> <p>(2) <u>Improve Training Documentation</u> – We recommend that training content for all risks outlined on the RAMP be documented. This training content should be reviewed by the responsible party to ensure it adequately covers all risks. In addition, all training provided to employees should be evidenced by a sign-in sheet that includes the training course description, date of training and attending participants’ signatures.</p>		
<p><b>Conclusion:</b> We conclude that, generally, the medical documentation and limitation of liability waiver compliance program is operating effectively. Implementing the above recommendations will help enhance controls over this high-risk area.</p>		
<p><b>Management’s Response:</b>  <i>Recommendations will be implemented.</i></p>	<p><b>Estimated Date of Implementation:</b>  <i>Recommendation (1) has been implemented. Recommendation (2) will be implemented by November 7, 2012.</i></p>	

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## Background

The Callier Center billed over \$7 million of clinical revenue in fiscal year 2011 and had over 22,650 patient visits. To ensure appropriate controls are in place to ensure compliance with federal regulations such as Medicare<sup>1</sup>, *Medical Documentation and Limitation of Liability Waivers* is included as one of the high-risk areas under the UT Dallas Compliance Program, requiring specific risk assessment monitoring, training, and reporting procedures. The Executive Director of the Callier Center, who reports to the Dean of Behavioral and Brain Sciences, has been named by the Executive Compliance Committee as the person responsible for oversight of this high-risk area, with most duties delegated to the Callier Center Business Manager.

Noncompliance with medical billing regulations could lead to possible cancellation of contracts, repayment of improper claims, fines and/or imprisonment. A Risk Assessment and Monitoring Plan (RAMP) to minimize the risks of noncompliance has been prepared by the Callier Center to document the risks, monitoring, training, and reporting for the compliance program.

## Audit Objective

The objective of our audit was to determine if the medical billing compliance program is functioning as intended.

## Scope and Methodology

To satisfy our objectives, we reviewed applicable documentation, and conducted tests of fiscal year 2011 transactions. Our fieldwork concluded on June 14, 2012.

Where applicable, our examination was conducted in accordance with guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department.

Specific procedures included:

- Gaining an understanding of the compliance program and certain Medicare and Medicaid guidance for liability waivers.
- Interviewing persons responsible for compliance.

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<sup>1</sup> <http://www.the-medicare.com/> , <http://www.cms.gov/> , <http://www.hhsc.state.tx.us/medicaid/index.html>

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- Reviewing and testing the Risk Assessment and Monitoring Plan (RAMP) for medical documentation and limitation of liability waiver to determine:
    - ✓ If monitoring was being performed in accordance with the documented monitoring plan by observing monthly file audits.
    - ✓ If training was being performed in accordance with the training plan by reviewing the training performed.
    - ✓ If reporting was being performed in accordance with the reporting plan by reviewing the reports.
  - Testing a sample of patient documentation and billing.

## Audit Results and Management's Responses

According to The UT System, a significant recommendation is defined as one that may be material to operations, financial reporting, or legal compliance. This would include an internal control weakness that does not reduce the risk of irregularities, illegal acts, errors, inefficiencies, waste, ineffectiveness, or conflicts of interest to a reasonable low level. There were *no* recommendations considered significant to University operations.

### Audit Results

Overall, we found that the Callier Center has good controls in place to monitor medical documentation. Our audit work highlighted the following best practices:

- ✓ Monthly file reviews to ensure all documentation is present are being performed.
- ✓ Monthly billing reviews to ensure billing accuracy are being performed.

Although the above controls exist, opportunities to enhance this compliance program are detailed below.

#### (1) Update the Risk Assessment and Monitoring Plan

During the course of this audit, the risk assessment and monitoring plan (RAMP) was not up-to-date. Although edits to the document have occurred, a finalized RAMP has not been completed. RAMPs should be monitored quarterly and updated at least annually. The Compliance Office has requested updates; however, these have not been completed.

In addition to routine updates, the responsible person or his delegate should research this high-risk area to ensure that any new laws or policies be appropriately considered for addition to the RAMP. For example, in January 2012 the Centers for Medicare and Medicaid Services mandated the use of a new Advanced Beneficiary Notice of Noncoverage (ABN). This was

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communicated by Internal Audit to the Executive Director in March, and changes were made to the forms used at that time.

Without regular reviews and updates to the RAMP, the risks of noncompliance and the impact to the University may not be accurately assessed or monitored at the appropriate levels.

**Recommendation:** We recommend that the responsible person ensure that updates to the RAMP are timely and complete. These updates should always include the consideration of new laws or requirements that may have developed during the year related to the risk area.

**Management's Response:** *The RAMP updates will be completed September 1, of each year.*

**Estimated Implementation Date:** *September 1, 2012*

**Responsible Party:** *Medical Documentation – Grace Deguzman, Medical Records Administrator and Limitation of Liability Waiver - Anitra Polk, Business Office Supervisor reporting to Dr. Thomas Campbell*

(2) *Improve Training Documentation*

Clinical personnel at the Callier Center are trained annually regarding HIPAA privacy and security. In addition, training related to other risks identified on the RAMP occurs during departmental meetings conducted by division heads. Although the training is occurring, documentation detailing attendance at these training sessions as well as the training content is not always sufficient.

Without evidence of training, it is unclear whether Callier Center employees have been given the necessary tools to understand the high risks that have been identified in their area. To ensure that all risks outlined on the RAMP are addressed during training, the training content and attendance should be better documented.

**Recommendation:** We recommend that training content for all risks outlined on the RAMP be documented. This training content should be reviewed by the responsible party to ensure it adequately covers all risks that need to be communicated to those handling medical billing. In addition, all training provided to employees should be evidenced by a sign-in sheet that includes the training course description, date of training and attending participants' signatures. This documentation should be maintained in accordance with University records retention requirements.



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**Management's Response:** *Medical Documentation Training is scheduled for November 7, 2012.*

**Estimated Implementation Date:** *November 7, 2012*

**Responsible Party:** *Donise Pearson, Director of Clinical Operations; Grace Deguzman, Medical Records Administrator*

## **Conclusion**

We conclude that the medical documentation and limitation of liability waiver compliance program is generally operating effectively. Implementing the above recommendations will help enhance controls over this high-risk area.

We appreciate the courtesy and cooperation received from the management and staff at the Callier Center.